



TO: Mayor Shaun Sipma
Members of the City Council

FROM: Jonathan Rosenthal, AICP, Economic Development Administrator

DATE: December 29, 2020

SUBJECT: **RENAISSANCE ZONE CONDITIONAL APPROVAL, PROJECT M-96**

I. RECOMMENDED ACTION

1. The Renaissance Zone Review Board recommends conditional approval of Renaissance Zone applicant M-96 for a five-year property tax exemption, including improvements on the property located at 304 4th Avenue NW.

II. DEPARTMENT CONTACT PERSONS

Jonathan Rosenthal, Economic Development Administrator	240-4524
Brian Billingsley, Community Development Director	857-4147
Ryan Kamrowski, City Assessor	857-4160

III. DESCRIPTION

1. Background
At its meeting of December 17, 2020, the Renaissance Zone Review Board reviewed an application for Project M-96, filed by Chad Thompson of Dakota Apple Partnership for a new construction project on a multi-tenant retail store. Dakota Apple Partnership is requesting a five-year property tax exemption, including improvements on property located at 304 4th Avenue NW.
2. Proposed Project
The applicant proposes to build a three (3)-unit multi-tenant retail store at 304 4th Avenue, NW. The site is zoned C2 General Commercial and the proposed use is permitted by right.

IV. IMPACT:

1. Strategic Impact:
This project meets all the following requirements as a State of North Dakota Renaissance Zone project:

- a. The project is consistent with the Renaissance Zone Development Plan.
- b. The project is consistent with the City of Minot Comprehensive Plan.
- c. The proposed uses are consistent with city zoning.
- d. The project conforms to all city ordinances.
- e. The property has not been the beneficiary of a previous Renaissance Zone project.
- f. Rehabilitation costs exceed 50% of the current true and full value.
- g. At least 80% of the investment is classified as capital improvements.

This project fulfills the City’s goals of expanding economic investment and job creation within the Renaissance Zone.

B. Service/Delivery Impact:

Having received all necessary documents required for acceptance including a Certificate of Good Standing from State of North Dakota, staff can recommend approval. The project will be brought back before the City Council for *Final Approval* once the building is complete.

C. Fiscal Impact:

The applicant is required to spend at least 50% of the true and full value of the property on new construction.

True and Full Value as of 12/10/2020	\$653,000.00
50% of True and Full Value	\$326,500.00
Project Costs	\$1,398,624.00

According to a memo provided by the Assessor’s Office dated December 10, 2020, “The estimated True and Full Value of future structure(s) after completion of construction and through the 5 year exemption period would be approximately \$1,800,000. The estimated taxes on this amount for the building would be about \$31,000 per year. If the Renaissance Zone application were approved, approximately \$155,000 would not be collected over 5 years of tax exemption”.

The estimated taxes on the property for 2020 is \$10,090. The annual estimated property taxes for this building after construction would be about \$21,000 more per year than the current estimate. This tax abatement requires no outlay of cash by the City of Minot.

V. ALTERNATIVES

Alt 1. The Council could reject the application should it find reason that the applicant has not met the standards for approval found in the rules and policies of the program.

Alt 2. The City Council could table the application for more information, which might result in the delay of construction if the project were allowed to continue.

VI. TIME CONSTRAINTS

Council’s approval of the recommendation will allow this privately-owned project to be constructed within the 2021 construction season.

VII. LIST OF ATTACHMENTS

- A. Dakota Apple Renaissance Zone Application
- B. Drawings and Site Plan
- C. Estimate of Value Letter from City Assessor
- D. Renaissance Zone draft minutes of December 17, 2020 approving the application.